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Overview of the Doha and Uruguay Rounds

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Report Highlights:

This report highlights the objectives and timeline for the Doha Ministerial Declaration including major negotiating points in the comprehensive proposals laid out by the United States and European Union.

Includes PSD Changes: No
Includes Trade Matrix: No
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The Doha Round

The Doha Ministerial Declaration set in November 2001 builds on previous agreements and set additional objectives and deadlines for further agricultural trade negotiations. Member governments have committed themselves to outcomes regarding the three pillars of negotiations, substantially reducing, with the view to eliminating all export subsidies, reducing trade-distorting domestic support, and increasing market access. The Doha Declaration also set dates by which these objectives be met.

The first deadline of the Doha Declaration was March 31st 2003 to establish modalities; however, this deadline has passed without agreement. The modalities can be explained as the means to the end goal of the negotiations. The purpose of establishing modalities in the agriculture negotiations is to set the parameters for the final negotiations in terms of new commitments and time frames for reductions in market access, domestic support, and export subsidies.

The second deadline set in the Doha Declaration is for member governments to submit draft commitments in September 2003 at 5th Ministerial Conference to be held in Cancun, Mexico. Along with submitting draft commitments members will take stock of where the negotiations are headed. The final deadline is January 2005 for the final negotiations of the Doha Round to be completed. The implementation process of the agreement will begin in January 2006.

Table 1. Timeline for Doha Round Agriculture Negotiations

Objective	Deadline
Establish Modalities	March 31, 2003
Submit Draft Commitments and Stock Taking	September 14, 2003
Complete Final Negotiations	January 1, 2005
Begin Implementation Process	January 1, 2006

Starting Point in the Agriculture Negotiations

Following the timeline for the Doha Round of negotiations, each country has already submitted a proposal to the WTO. Countries can submit proposals either individually or as part of a trading group, such as the Cairns Group, Mercosur, etc. A brief summary of the most recent proposal submitted by United States is provided in this section.

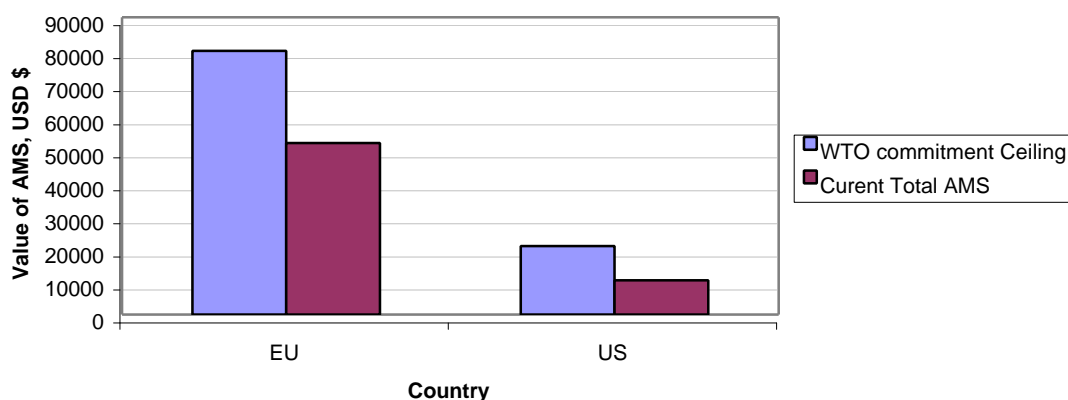
The United States

The United States has submitted a comprehensive proposal to the WTO including all three categories of the agriculture negotiations. In terms of increasing market access, the United States proposal includes tariff harmonization, using a specific formula (the "Swiss Formula") that will reduce higher tariffs more than lower tariffs. The Swiss formula will bring all tariffs to a relatively similar level, with no tariff over 25 percent after the five-year implementation period. The United States would also like to expand tariff rate quotas (TRQ) by 20 percent and see stricter disciplines on TRQ administration. In addition, this proposition would eliminate state trading enterprises and Special Agricultural Safeguards. Promoting sectoral initiatives, which allow individual sectors within agriculture to pursue increased trade commitments, is also a key point in the U.S. proposal.

In the category of export competition, the United States proposes to eliminate all direct export subsidies and again, monopolistic state trading enterprises. The United States would also like to tighten disciplines on export credits and allow export taxes on agricultural goods only when necessary for revenue generating purposes for developing countries. In terms of food aid, this proposal asks to increase required reporting to the WTO in order to increase transparency.

In the domestic support category, the United States proposal includes eliminating the blue box (blue box discussed in further detail under the Uruguay Round heading). In addition, the United States would like to reduce the allowed ceiling of domestic support to 5 percent of the country's total value of agriculture production. The de minimus and green box provisions are maintained as in the Uruguay Round. Figure 1 shows the current level of trade-distorting domestic support by the three largest supporters in the world: the European Union, Japan and the United States. The United States proposal would lower both the current total Aggregate Measure of Support (AMS) and total AMS commitment levels.

Figure 1. WTO Commitment Ceilings and Actual AMS Totals, 1998



Source: <http://www.wto.org>

The European Union

The European Union has also composed a comprehensive proposal package, including some fundamental differences from the comprehensive proposal of the United States. The EU would like to cut tariffs by 36 percent, with a minimum of 15 percent in each product. Under this proposal all forms of export subsidies would be reduced by 45 percent and domestic support by 55 percent starting from previous commitments in the Uruguay Round.

Furthermore, the EU puts special emphasis on giving developing countries special and differential treatment in the Doha Development Round. The de minimus principle would be maintained for developing countries, but abolished for developed countries. This package also includes food aid; food aid should only be given to well-defined vulnerable groups or in response to emergencies and humanitarian crisis.

In terms of state trading enterprises, the EU position is that cross subsidization, price pooling and other unfair trade practices should be disciplined. The EU would also like to increase regulations in regards to geographical indicators, guaranteeing trademark privileges for registered geographical indications in all member countries.

Fundamental Differences

The comprehensive proposals laid out by the world's largest agricultural traders contain some deep-seated differences in topic and scope. Some major differences include what to do with the blue box, which the EU utilizes and the United States does not. Which countries should be able to utilize the de minimus principle is also a major difference in the two proposals. Also, the United States would like tariff harmonization and the EU proposes straight cuts. The United States would like to eliminate direct export subsidies, while the EU only proposes to reduce all forms by less than half. The EU included food aid in their comprehensive proposal, while the United States does not believe that food aid should be negotiated in the WTO. There are also substantial differences on the EU proposal to increase regulations on geographical indications. Although many differences still exist in market access, domestic support, and export subsidies between the world's trading partners, agricultural trade has improved since it was included in the negotiations of the General Agreement on Tariffs and Trade in the Uruguay Round.

The Uruguay Round, 1986 - 1994

Comprehensive, multi-lateral agricultural trade negotiations began in the Uruguay Round. The Uruguay Round set a framework of rules for negotiations and began the process of cutting protection and domestic support. The Agreement on Agriculture was reached in this round, which included agreements on the three main pillars of agricultural trade: market access, domestic support, and export subsidies.

Domestic support methods are further broken down into three boxes or classifications. The green box classification is minimally trade-distorting support and was excluded from reductions in the Uruguay Round; however, it may be a target in the Doha Round. The green box includes decoupled payments, research and development, land conservation, etc. Following the green box, the blue box covers direct payments under production limiting programs under specific conditions. It was created as an exemption to the original rule and includes programs linked to land or animal numbers with set aside programs or production quotas. Although no reductions were previously negotiated, the blue box may also be a target in the Doha Round. The amber box is composed of trade-distorting support, including price supports and subsidies linked to production. The amber box is also a measure of the "Aggregate Measure of Support" (AMS) in each country. This box is classified as trade-distortive domestic support and the Uruguay Round included agreements for reducing total AMS and further reductions are expected in the Doha Round.

The Agreement on Agriculture includes larger reductions for developed countries over a shorter time span than the reductions for developing countries. Developed countries were given a time span of six years, from 1995 - 2000, while developing countries were allowed 10 years to make the necessary reductions, from 1995 - 2004. The outcome of the negotiations in the Uruguay Round is detailed in Table 1. In addition, the de minimus rule allows 5 percent supports for developed countries and 10 percent for developing countries.

Table 1. Agreement on Agriculture Numerical Reduction Targets

	Developed Countries	Developing Countries
<u>Tariffs</u>		
Average cut for all agricultural products	36%	24%
Minimum cut per product	15%	10%
<u>Domestic support</u>		
Cuts in total AMS	20%	13%
<u>Exports</u>		
Reduce Value of subsidies by	36%	24%
Reduce Value of Subsidized quantities by	21%	14%

Source: <http://www.wto.org>

The outcome of the Uruguay Round has set the tone for the Doha Round of negotiations. The original framework of rules is maintained for further negotiations as well as the original objectives of increasing market access and reducing trade-distorting domestic support. In the next round of negotiations, member governments are committed to reducing export subsidies and trade-distorting domestic support.

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